

From: [Clifford McKeown](#)
To: [Derman, Barbara \(DHHS\)](#); [Geist, Laura \(DHHS\)](#)
Cc: [Thomas A. Lang](#); [Kevin Bagatta](#)
Subject: Deviation Allowance
Date: Thursday, July 25, 2019 12:37:44 PM

Ms. Derman/Ms. Geist,

We (Kevin, Tom and I) have a question about meaning of the "Deviation Allowance", paragraph 2C of the agreement between MDHHS and Real Alternatives. It says in the paragraph that "a deviation allowance modifying an established budget category by \$10,000 or 15% whichever is greater, is permissible without prior written approval of the Department."

Is the \$10,000 or 15%, whichever is greater, determined by applying the dollars or percentage to the whole budget, the \$700,000 or the budget of an individual budget category, Salary & Wages, Fringe Benefits, Travel, Supplies, Contractual or Other Expenses.

For instance, (1) if the Other Expenses budget category total year to date expenses are \$80,000 and the budget is \$70,000, is that ok, i.e. no written approval is needed. In fact, applying the 15% rule, the Other Expenses number could be \$80,500 without prior written approval.

Or (2) could the Other Expenses year to date expenses be \$175,000 (15% of the \$700,000, 105,000), with an Other Expenses budget category budget number of \$70,000 without prior written approval.

Please advise. Is (1) or (2) correct? Thank you.
Cliff McKeown